

CONTRACT FOR PROFESSIONAL SERVICES

THIS AGREEMENT (this "Contract") is made this 18th day of August, 2016, in the Territory of the Virgin Islands, by and between the Government of the Virgin Islands, Department of Property and Procurement, on behalf of the Department of Finance (hereinafter referred to as the "Government") and Oliver Wyman Actuarial Consulting, Inc. (hereinafter referred to as "Contractor")

WITNESSETH:

WHEREAS, the Government is in need of the services of a Contractor to agree to provide the Services, as defined in Addendum I (Scope of Work) attached hereto; and

WHEREAS, the Contractor represents that it is willing and capable of providing the Services;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and intending to be legally bound by this written instrument, the parties hereto do covenant and agree as follows:

1. SERVICES

The Contractor will provide the Services described in Addendum I (Scope of Work) attached hereto and made a part of this contract.

2. TERM

This Contract shall commence upon the execution of this Contract by the Governor of the Virgin Islands and shall terminate three hundred sixty-five (365) days thereafter.

3. COMPENSATION

The Government, in consideration of the performance of the Services in accordance with the mutually agreed requirements described in Addendum I (Scope of Work), agrees to pay Contractor the sum of Sixty Thousand Dollars (\$60,000.00) for the three separate projects in accordance with the provisions set forth in Addendum II (Compensation) attached hereto and made a part of this contract.

4. TRAVEL EXPENSES

Included in the compensation for the Services, the Government agrees to pay documented transportation, subsistence, lodging and other travel expenses, while in travel status, for trips which have been authorized in writing, in advance, by the Government. These costs shall be advanced or reimbursed on the same basis as is applicable to non-contract employees of the Government, or as agreed to by an addendum to this Contract, however, said costs and expenses shall not exceed Two Thousand Five Hundred Dollars (\$2,500.00).

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5. RECORDS

The Contractor, when applicable, will present documented precise records of time and/or money expended under this Contract.

6. PROFESSIONAL STANDARDS

The Contractor agrees to maintain the professional standards applicable to its profession and to consultants doing business in the United States Virgin Islands.

7. DOCUMENTS, PRINTOUTS, ETC.

Subject to Section 33 in Addendum 3 (Other Provisions), all documents, books, records, instructional materials, programs, printouts and memoranda of every description derived therefrom and pertaining to this Contract created by Contractor specifically and exclusively for the Government in connection with the Services shall become the property of the Government and shall be turned over to it at the termination of this Contract. The above described materials shall not be used by Contractor or by any other person or entity except upon the written permission of the Government.

8. LIABILITY OF OTHERS

Nothing in this Contract shall be construed to impose any liability upon the Government to persons, firms, associations, or corporations engaged by Contractor as servants, agents, or independent contractors, or in any other capacity whatsoever, or make the Government liable to any such persons, firms associations, or corporations for the acts, omissions, liabilities, obligations and taxes of Contractor of whatsoever nature, including but not limited to unemployment insurance and social security taxes for Contractor, its servants, agents or independent contractors.

9. ASSIGNMENT

The Contractor shall not subcontract or assign any part of the Services under this Contract without the prior written consent of the Government.

10. INDEMNIFICATION

Contractor agrees to investigate, defend and hold harmless the Government from and against any and all loss, damage, liability, claims, demands, detriments, cost, charges and expense (including reasonable attorney's fees) and causes of action of whatsoever character which the Government may incur, sustain or be subjected to, to the extent arising out of the negligence or willful misconduct of the Contractor in the performance of the Services, or the breach by the Contractor of its obligations hereunder.


11. INDEPENDENT CONTRACTOR

The Contractor shall perform this Contract as an independent contractor and nothing herein contained shall be construed to be inconsistent with this relationship or status.

12. GOVERNING LAW

This Contract shall be governed by the laws of the United States Virgin Islands and jurisdiction shall remain in the United States Virgin Islands.

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13. WAIVERS AND AMENDMENTS

No waiver, modification or amendment of any term condition or provision of this Contract shall be valid or of any force or effect unless made in writing, signed by the parties hereto or their duly authorized representatives, and specifying with particularity the nature and extent of such waiver, modification or amendment. Any such waiver, modification or amendment in any instance or instances shall in no event be construed to be a general waiver, modification or amendment of any of the terms, conditions or provisions of this Contract, but the same shall be strictly limited and restricted to the extent and occasion specified in such signed writing or writings.

14. ENTIRE AGREEMENT

This Contract constitutes the entire agreement of the parties relating to the subject matter addressed in this Contract. This Contract supersedes all prior communications, contracts, or agreements between the parties with respect to the subject matter addressed in this Contract, whether written or oral.

15. RIGHT TO WITHHOLD

If work under this Contract is not performed in accordance with the terms hereof, the Government will have the right to withhold out of any payment due to Contractor, such sums as the Government may deem ample to protect it against loss or to assure payment of claims arising therefrom, and, at its option, the Government may apply such sums in such manner as the Government may deem proper to secure itself or to satisfy such claims. The Government will immediately notify the Contractor in writing in the event that it elects to exercise its right to withhold.

No such withholding or application shall be made by the Government if and while Contractor gives satisfactory assurance to the Government that such claims will be paid by Contractor or its insurance carrier, if applicable in the event that such contest is not successful.

16. CONDITION PRECEDENT

This Contract shall be subject to the availability and appropriation of funds and to the approval of the Governor.

17. TERMINATION

Either party will have the right to terminate this Contract with or without cause on Fourteen (14) days written notice to the other party specifying the date of termination. Upon termination of this Contract for any reason, Contractor shall be entitled to payment for all Services properly performed and all expenses properly incurred, in each case up to the effective date of termination.

18. PARTIAL TERMINATION

The performance of work under this Contract may be terminated by the Government, in part, whenever the Government shall deem such termination advisable. This partial termination shall be effected by delivering to the Contractor a Notice of Partial Termination specifying the extent to which the term and/or duties under this Contract are terminated and the date upon which such termination becomes effective. The Contractor shall be entitled to receive payment for Services provided to the date of termination, including payment for the period of the Fourteen (14) day notice.

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19. NON-DISCRIMINATION

No person shall be excluded from participating in, be denied the proceeds of or be subject to discrimination in the performance of this Contract on account of race, creed, color, sex, religion, disability or national origin.

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20. CONFLICT OF INTEREST

- (a) Contractor covenants that it has no interest and will not acquire any interest, direct or indirect, which would conflict in any manner or degree with the Contractor's ability to perform the Services required to be performed under this Contract.
- (b) Contractor further covenants that it is:
 - (1) not a territorial officer or employee (i.e., the Governor, Lieutenant Governor, member of the Legislature, or any other elected territorial official; or an officer or employee of the legislative, executive or judicial branch of the Government or any agency, board, commission or independent instrumentality of the Government, whether compensated on a salary, fee or contractual basis); or
 - (2) a territorial officer or employee and, as such, has:
 - (i) familiarized itself with the provisions of Title 3, Chapter 37 of the Virgin Islands Code, pertaining to conflicts of interest, including the penalties provision set forth in section 1108 thereof;
 - (ii) not made, negotiated or influenced this Contract, in its official capacity;
 - (iii) no financial interest in the Contract as that term is defined in section 1101(1) of said Code chapter.

21. EFFECTIVE DATE

The effective date of this Contract shall be the day of execution of the Contract by the Governor.

22. NOTICE

Any notice required to be given by the Terms of this Contract shall be deemed to have been given when the same is sent by certified mail, postage prepaid or personally delivered, addressed to the parties as follows:

GOVERNMENT

Randolph N. Bennett
Commissioner
Department of Property and Procurement
Sub Base, Building No. 1, Third Floor
St. Thomas, VI 00802

Valdamier O. Collens
Commissioner
Department of Finance
2314 Kronprindsens Gade
St. Thomas, V.I. 00802

CONTRACTOR

Chad C. Wischmeyer, FCAS, MAAA, CPA
Oliver Wyman Actuarial Consulting, Inc.
3560 Lenox Road NE, Suite 240
Atlanta, GA 30326

23. LICENSURE

The Contractor covenants that it has:

- (a) obtained all of the applicable licenses or permits, permanent, temporary or otherwise as required by Title 27 of the Virgin Islands Code; and
- (b) familiarized itself with the applicable provisions of Title 27 of the Virgin Islands Code pertaining to professions and occupations.

24. OTHER PROVISIONS

Addendum 3 attached hereto containing Paragraphs 28 through 38, as well as Addendum 1 (Scope of Work) and Addendum 2 (Compensation) as stated herein, are made a part of this Contract and are incorporated herein by reference.

25. DEBARMENT CERTIFICATION

By execution of this contract, the Contractor certifies that it is eligible to receive contract awards using federally appropriated funds and that it has not been suspended or debarred from entering into contracts with any federal agency. The Contractor shall include this provision in each of its subcontracts hereunder and shall furnish its subcontractors with the current "LIST OF PARTIES EXCLUDED FROM FEDERAL PROCUREMENT OR NON PROCUREMENT". In the event the Contractor or any subcontractor misrepresents its eligibility to receive contract awards using federal funds, the Contractor or subcontractor agrees that it shall not be entitled to payment for any work performed under this contract or any subcontract and that the Contractor or subcontractor shall promptly reimburse the Government of the Virgin Islands for any progress payments heretofore made.

26. FALSE CLAIMS

Contractor warrants that it shall not, with respect to this Contract, make or present any claim upon or against the Government of the Virgin Islands, or any officer department, board, commission, or other agency thereof, knowing such claims to be false, fictitious or fraudulent. Contractor acknowledges that making such a false, fictitious or fraudulent claim is an offence under Virgin Islands law.

27. NOTICE OF FEDERAL FUNDING

Contractor acknowledges that this Contract is funded, in whole or in part, by federal funds. Contractor warrants that it shall not, with respect to this Contract, make or present any claim knowing such claim to be false, fictitious, or fraudulent. Contractor acknowledges that making such a false, fictitious, or fraudulent claim is a federal offence.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the day and year first above written.

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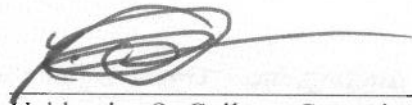
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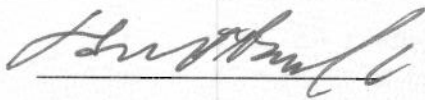
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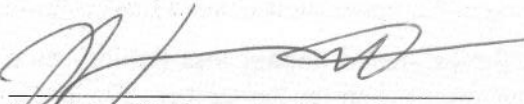
GOVERNMENT OF THE VIRGIN ISLANDS




Valdamier O. Collens, Commissioner
Department of Finance


5.18.2016
Date




Randolph N. Bennett, Commissioner
Department of Property and Procurement

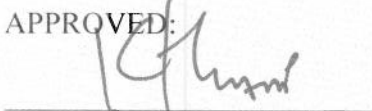
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CONTRACTOR

Chad C. Wischmeyer, FCAS, MAAA
Oliver Wyman Actuarial Consulting, Inc.

1-26-16
Date

APPROVED:



Kenneth E. Mapp
GOVERNOR OF THE VIRGIN ISLANDS

Date: 05-18-16

APPROVED AS TO LEGAL SUFFICIENCY

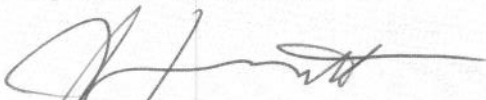
DEPARTMENT OF JUSTICE BY: Jerry Snook Date 5/24/2016

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PURCHASE ORDER NO.


CERTIFICATE OF APPROVAL

I hereby certify that this is a true and exact copy of Contract
No. _____ entered into between the
Department of Property and Procurement and
Department of Finance.



Randolph N. Bennett, Commissioner
Department of Property and Procurement

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ADDENDUM 1

SCOPE OF WORK

Oliver Wyman Actuarial Consulting, Inc. ("Oliver Wyman") will perform the following services (the "Services"):

The contractor shall:

A. Provide Workers Compensation Unpaid Loss Liability as of September 30, 2015.

1. Provide the estimated unpaid loss liability as of September 30, 2015 for accidents occurring on or before September 30, 2015 related to Workers Compensation separately for St. Croix and St. Thomas / St. John using data as of September 30, 2015.
2. The estimated unpaid loss liability will be provided on a nominal basis without consideration of the time value of money (i.e., undiscounted).
3. Estimates are presented as actuarial central estimates which, consistent with the applicable actuarial standard of practice, are defined as the expected values over the range of reasonably possible, as opposed to all conceivable, outcomes.
4. Utilize the following generally accepted actuarial methods to project ultimate losses by accident year:
 - a. Paid Development method;
 - b. Incremental Paid Development method;
 - c. Average Future Transaction method;
 - d. Frequency and Developed Severity method;
 - e. Frequency and Fitted Severity method;
 - f. Loss Ratio method;
 - g. Paid Bornhuetter-Ferguson method (using the Loss Ratio method for initial estimated ultimate losses); and
 - h. Paid Bornhuetter-Ferguson method (using the Frequency and Fitted Severity method for initial estimated ultimate losses).

Please note that the methodology described in step 4 above assumes that complete loss data will be available as of the evaluation date. We understand that historically there have been periods when significant levels of workers compensation claim payments have been delayed by the Government. If a significant volume of delayed payments exists as of the evaluation date, then Oliver Wyman will consider alternative methodology to develop the unpaid loss liability as of the given evaluation date, including reliance on prior Oliver Wyman studies completed for the Government.

B. Provide Rate Level Indications as of September 30, 2015

Oliver Wyman will provide overall rate level indications for workers compensation policies written in calendar years 2016 and 2017 based on data evaluated as of September 30, 2015. Historical ultimate loss projections will be made based on the same methods as

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